

**Department of Health and Human Services (DHHS)
Advisory Committee on Problem Gambling (ACPG)
Legislative Workgroup**

**March 7, 2016
MEETING MINUTES**

Approved May 13, 2016

Via Teleconference Only

Workgroup Members Present

Tony Cabot, Chair
Ted Hartwell
Connie Jones
Judge Cheryl Moss
Denise Quirk
Debra Robinson
Jennifer Shatley

Workgroup Members Absent

Carol O'Hare

Others Present

Lea Cartwright, JK Belz and Associates
Lori Flores, The Problem Gambling Center
Pat Petrie and Gloria Sulhoff, DHHS

I. Call to Order, Welcome, Introductions and Announcements

Workgroup Chair Tony Cabot welcomed the callers and called the meeting to order at 10:02 AM. He noted that the action item for approval of the minutes of the previous meeting had been inadvertently omitted from the agenda, so that item will be addressed at the next meeting

II. Public Comment

None

III. Possible Action Item: Review existing methodology for funding problem gambling programs through state support and gaming fees and make recommendations to ACPG

At the last meeting Mr. Cabot agreed to research ways that the State collects revenue fees and taxes from the gaming industry for the purpose of seeing if fees paid into the Problem Gambling Fund could be more evenly spread over participants in the gaming industry. He provided a document which listed a breakdown of revenue by categories: percentage fees, entertainment tax, quarterly nonrestricted slot tax, quarterly games tax, quarterly restricted slot tax, annual slot tax, annual games tax, and "other collections", which consists of expired voucher tickets, advanced license fees, interactive license fees, and penalties, fines and interest.

Mr. Cabot then facilitated a discussion to try and identify a methodology that could replace the current one in order to provide a more predictable revenue stream; and consider whether it should be more broadly spread over participants in the gaming industry.

- The group considered options such as increasing the dollar amount received per slot machine; assessing table games, interactive gaming, inner casino linkings and the like, or licensing fees; and requesting a percentage of gross revenue. Consensus was that requesting any increase from the industry would be met with heavy lobbying. On the other hand, asking for an increase from the general fund would create a challenge each budget cycle with significant push back from legislators.
- Another topic of discussion was the forfeited winnings from people who have self-excluded. Missouri uses these funds for their program, but Nevada does not have a state exclusion program; Caesars is the only operator in the state that has one. If a property has no self-exclusion program, Gaming Control makes them pay the individual. This could be a companion piece of legislation in which no one loses, and it could be a real windfall to the fund. Some thought if the exclusion program is not mandatory and regulated, the industry won't participate, which is why most don't in this state.
- When Oregon dealt with declining revenue they put in new legislation that set a minimum threshold. Another approach would be to start with the dollar figure that the research workgroup determines is needed for a comprehensive program, and instead of receiving \$2 per slot machine, specify the amount of dollars requested. That amount would be divided by the number of slot machines and imposed as the tax. If the number of slots goes up, the assessment per machine will go down. If slots go down, the assessment goes up but in every case the total would remain the same.

Mr. Cabot suggested changing the language, replacing "equal to \$2 per slot" with "equal to (x) dollars", with the rationale being this is the amount needed for a comprehensive program and, by the way, this is a really minor ask. The research workgroup will come up with the base number, which would have an annual escalator based on factors such as cost of living and population. Mr. Cabot would also like to be able to say there are (x) number of gamblers in the state and (x) number of programs, with comparisons to the rest of the country.

For the benefit of newer members, Mr. Cabot explained that NRS 463.320, the collection and disposition of state fees for licensing and penalties, describes the process. The Gaming Commission collects money from all different sources, which gets put into a big pile. Out of that pile, the Problem Gambling Fund receives an amount equal to \$2 per slot machine per quarter. The rest is distributed pursuant to statute, to the State Treasurer for distribution to counties and other things. All we will propose is that of all the money collected – last year it was \$912,320,000 – give \$3 million (or whatever the research workgroup comes up with) to the Problem Gambling Fund, and take out the "\$2 per slot machine" piece.

The group was in agreement that this plan was simple, equitable to and inclusive of all industry operators, and should not raise any red flags or cause push back from the industry. Mr. Cabot volunteered to draft some language for review at the next meeting.

IV. Review status of appointment of workgroup to research program, resources and funding required for a comprehensive statewide problem gambling program

Ms. Quirk reported that Jennifer Shatley agreed to chair the new workgroup, and turned the floor over to Ms. Shatley. Ms. Shatley explained that with the focus given by this legislative workgroup, their first meeting will include discussion around how to determine the number of problem gamblers in this state, how many are seeking treatment and how many are not; and determining a justifiable dollar amount to bring to the legislature. They will explore problem gambling programs in other states and look at how those

are funded. Their goal is to put together a plan for a comprehensive statewide problem gambling program, describe what it would look like and how much it would cost, with rationale for each.

Ms. Quirk asked Dr. Marotta if this workgroup was one in which he might be involved. Dr. Marotta said he is currently working on the strategic plan, which includes putting together a few scenarios of what the statewide plan would look like based on different funding levels. His timeline for completion is the end of April, but this workgroup's timeline may be different. Mr. Cabot thought that in order to recruit a champion among the legislators to introduce our bill, they should try to have something prior to the elections in November. This was well within Dr. Marotta's timeframe and he offered to send out some background materials. Staff reminded the group that Dr. Marotta's materials were already posted on the website, and offered to send the link via email.

Dr. Marotta asked for the group's input identifying the funding levels on which to base his scenarios. A lot of states "back into" those numbers; if they have 10 million, they figure out a way to spend 10 million. He plans to formulate three different scenarios: what would the program look like if nothing changes; how would it look with \$3 million in funds; and a third number which he hasn't identified, hoping for direction from the workgroup. An ideal system is probably outside the scope of the increase this group is looking at. Ms. Quirk suggested adding an amount to expand research, and asked him for a cost figure and how often that research would be conducted.

Mr. Cabot clarified that the \$3 million figure he quoted earlier was for the sake of discussion; it could be higher depending on what the other workgroup comes up with. Dr. Marotta asked if that number would be what the research workgroup determines, or what the group considers politically feasible. Mr. Cabot replied that he wants to see what the golden standard would cost; what it would take to provide the necessary components for a comprehensive plan. Other states may have gone way overboard, and while he wants to use those numbers to show that Nevada is underfunded, he also wants to be able to justify the ask based on the plan and the need.

V. Possible Action Item: Review possible recommendations for statutory changes to make up of ACPG

Mr. Cabot stated that the statute as written does not give the Governor enough flexibility to appoint the best persons to accomplish committee objectives. It was originally written to specifically include the individuals who were participating in the effort at the time. Mr. Cabot had volunteered to draft amended language and reviewed his recommendations as shown below. The number of member seats does not change.

Current Language	Proposed Language	Comments
a. One regular member who holds a restricted gaming license;	a. One regular member who holds a restricted gaming license or represents an association that represents restricted gaming licensees;	Eliminates the worry as to whether the person has or does not have a license, as long as that association is promoting the member.
b. Two regular members who hold nonrestricted gaming licenses;	b. Two regular members from a list of nominees provided by the State Association of Gaming Establishments whose members collectively paid the most gross revenue fees to the State pursuant to NRS 463.370 in the	Two members who pay the most, rather than nonrestricted from north and nonrestricted from south, just have the AGA make the nomination. It could be anyone they decide.

	preceding year;	
c. Two regular members who work in the area of mental health, at least one of whom has experience in the treatment of persons who are problem gamblers;	c. Two regular members who work in the area of mental health or addictions, at least one of whom has experience in the treatment of persons who are problem gamblers;	
d. One regular member who represents the Nevada System of Higher Education and has experience in the prevention or treatment of problem gambling		
e. One regular member who represents an organization for veterans; and		
f. Two regular members who represent organizations that provide assistance to persons who are problem gamblers.	d. One regular member who represents an organization that promotes awareness and provides assistance to persons who are affected by problem gambling; and	
	e. Three other members who are Nevada residents, who have personal and/or professional knowledge and experience that, in the discretion of the Governor, can contribute meaningfully to the Advisory Committee regarding current problem gambling issues and related concerns, including but not limited to personal recovery, at-risk populations, needs assessment, research, and supportive services.	A catch-all, three members with knowledge and experience, from any area, who could contribute meaningfully. This would be less restrictive than the current language and make it easier to fill seats.

Ms. Quirk commented on item c; the language could be tightened to indicate that the two mental health workers have gambling-specific training or CPGC certification. Serving on the ACPG should involve persons with higher credentials. Mr. Cabot will discuss revisions to item c with Ms. Quirk and circulate a revised draft at the next meeting.

VI. Possible Action Item: Review possible recommendations for statutory changes to duties of ACPG

Ms. O'Hare, who was not in attendance, had asked that this agenda item be tabled until the next meeting.

VII Public Comment

None

VIII. Schedule Next Meeting

Ms. Quirk suggested changing the standard meeting day to Fridays in order to accommodate Judge Moss' schedule. Fridays work well for the other workgroup members, and the next meeting was scheduled for April 8 at 10 am. Mr. Petrie advised the group that he was not available on that day but they were welcome to meet without him.

IX. Adjournment

Having concluded all business, the meeting adjourned at 11:16 am.